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KANGDA INTERNATIONAL ENVIRONMENTAL COMPANY LIMITED

康達國際環保有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6136)

**DISCLOSEABLE TRANSACTION
REVISED AGREEMENT IN RELATION TO
TRANSFER OF ASSETS INCLUDING WASTEWATER TREATMENT PLANT
CONCESSION RIGHT, WASTEWATER TREATMENT PLANT
AND ITS ASSETS**

BACKGROUND

Reference is made to the announcement of the Company dated 14 January 2026 in relation to the Buyback Agreement entered into by the Parties for the proposed transfer of the Subject Assets from Dongping Kangda to Dongping County Taida, for the Consideration of approximately RMB127.1 million.

REVISED AGREEMENT

After further negotiation and discussion among the Parties, the Board announces that on 24 February 2026 (after trading hours of the Stock Exchange), the Parties entered into the Transfer Agreement to amend the payment terms of the Consideration and to substitute the Buyback Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Assets Transfer, is/are more than 5% but less than 25%, the entering into of the Transfer Agreement constitutes a discloseable transaction on the part of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE TRANSFER AGREEMENT

The principal terms of the Transfer Agreement are set out as follows:

- Date:** 24 February 2026 (after trading hours of the Stock Exchange)
- Parties:**
- (i) Dongping Kangda, as transferor;
 - (ii) Dongping County Taida, as transferee; and
 - (iii) Dongping Administration Committee.

Dongping County Taida is a company established in the PRC which engages in ecological protection and environmental management in Dongping County and is ultimately and beneficially owned by the Public Utilities Development Center of Dongping County* (東平縣公用事業發展中心), which is the department in charge of public utilities of Dongping County People's Government and is responsible for, among others, planning, supervision and management of municipal infrastructure of Dongping County. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Dongping County Taida, Dongping Administration Committee and their ultimate beneficial owner(s) are Independent Third Parties.

Assets to be transferred

Pursuant to the terms and conditions of the Transfer Agreement, Dongping Kangda, as transferor, has agreed to sell, and Dongping County Taida, as transferee, has agreed to buyback on behalf of the Dongping Government, among others, (i) the concession right in relation to the Wastewater Treatment Plant; (ii) the Wastewater Treatment Plant and all of its assets; and (iii) all rights and obligations of the Transferor under the Concession Agreement (collectively, the "**Subject Assets**").

Consideration

The Consideration for the transfer of the Subject Assets is approximately RMB127.1 million, which shall be satisfied by Dongping County Taida by way of bank transfer in the following manner:

- (i) the first instalment, as to RMB64.0 million shall be payable by Dongping County Taida to Dongping Kangda within thirty (30) days after the signing of the Transfer Agreement, after which Dongping Kangda shall pay off any outstanding debts (the “**Outstanding Debts**”) for the release of all mortgage, pledge or guarantee on the Wastewater Treatment Plant and its facilities, equipment and concession rights (the “**Releases**”);
- (ii) the second instalment, as to RMB60.0 million shall be payable by Dongping County Taida to Dongping Kangda within five (5) working days after the settlement of the Outstanding Debts by Dongping Kangda and the application procedures for the transfer of the Subject Assets having been accepted by the relevant government authorities and confirmed by Dongping County Taida and Dongping Kangda. Taxes arising from the transfer of the Subject Assets that is payable by Dongping Kangda shall be paid by Dongping Kangda and be compensated by Dongping County Taida on actual basis. Dongping Kangda shall settle all outstanding liabilities remained or incurred in the construction and operation of the Wastewater Treatment Plant within seven (7) working days;
- (iii) the third instalment as to RMB2.0 million shall be payable by Dongping County Taida to Dongping Kangda within five (5) working days after Dongping Kangda settled the taxes arising from the transfer of the Subject Assets; and
- (iv) the remaining balance as to approximately RMB1.1 million, shall be payable by Dongping County Taida to Dongping Kangda within five (5) working days after the date of Completion.

Dongping County Taida shall pay (a) operation costs incurred by Dongping Kangda (based on the original audit principles) from 1 September 2024 to the date of the Transfer Agreement; (b) operating costs incurred by Dongping Kangda in the Transitional Period (defined below); and (c) any other expenses agreed in the Transfer Agreement to be borne by Dongping County Taida (the amounts (a) to (c) collectively referred to as, the “Costs and Expenses”), after deducting any payments already made by the government to Dongping Kangda, together with the taxes to be compensated by Dongping County Taida to Dongping Kangda, to the Escrow Account within ten (10) working days after the Completion and the independent assessment by a third party institution of the Costs and Expenses having been completed and jointly confirmed by Dongping Kangda and Dongping County Taida.

Dongping County Taida will check to confirm that all Outstanding Debts have been settled by Dongping Kangda and within ten (10) working days of which, the parties will instruct the funds in the Escrow Account to be paid to Dongping Kangda.

In the event that Dongping County Taida fails to pay any of the above instalments to Dongping Kangda when due in the manner above, interests shall accrue at the rate of 2 times the loan prime rate (the “LPR”) as announced by the People’s Bank of China on the overdue amount until the principal amount and interests are fully repaid.

In the event that Dongping Kangda fails to transfer the Subject Assets pursuant to the Transfer Agreement, Dongping Kangda shall pay to Dongping County Taida interests on the Consideration already received, calculated at the rate of 2 times the LPR, until the relevant transfer procedures are completed.

Basis of Consideration

The Consideration was arrived at after arm’s length negotiations between the Parties on normal commercial terms, after taking into account, among others, (i) the unaudited net book value of the Subject Assets as at 30 September 2025 of approximately RMB137.1 million; (ii) the future prospects of the Wastewater Treatment Plant; and (iii) other factors as set out in the section headed “Reasons for and benefits of the Assets Transfer” in this announcement.

Assets Transfer Procedure and Transitional Period

Within three (3) working days after the payment of the second instalment by Dongping County Taida referred to in the paragraph headed “Consideration” in this announcement, parties to the Transfer Agreement shall commence the transfer by ascertaining the assets in connection with the Wastewater Treatment Plant and determining the assets and personnel to be transferred by signing a list of assets and personnel for the transfer (the “**Transfer Date**”).

Dongping Kangda shall be responsible for maintaining the normal operations of the Wastewater Treatment Plant during the period from the date of signing of the Transfer Agreement to the Transfer Date (the “**Transitional Period**”). On the Transfer Date, Dongping Kangda shall transfer to Dongping County Taida all facilities, equipment, other rights and interests, and all relevant documents and materials relating to the Wastewater Treatment Plant. Any debts incurred by Dongping Kangda prior to the Transfer Date shall be borne by Dongping Kangda.

Completion

Completion shall take place on the Transfer Date, on which Dongping Kangda shall transfer to Dongping County Taida, among others, the concession right in relation to the Wastewater Treatment Plant, the Wastewater Treatment Plant and its assets free from encumbrance and disputes.

Financial information attributable to the Subject Assets

The net book value of the Subject Assets as shown in the unaudited financial statements of Dongping Kangda as at 30 September 2025 was approximately RMB137.1 million.

The net profits/losses before and after taxation attributable to the Subject Assets for the years ended 31 December 2023 and 2024 are as follows:

	Year ended 31 December 2023 (RMB'000)	Year ended 31 December 2024 (RMB'000)
Net profits before taxation	<u>1,005</u>	<u>679</u>
Net losses after taxation	<u>(1,490)</u>	<u>(2,102)</u>

INFORMATION ON THE PARTIES

Dongping Kangda

Dongping Kangda is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the operation of the Wastewater Treatment Plant.

Dongping County Taida

Dongping County Taida is in ecological protection and environmental management in Dongping County and is ultimately and beneficially owned by the Public Utilities Development Center of Dongping County* (東平縣公用事業發展中心), which is the department in charge of public utilities of Dongping Government and is responsible for, among others, planning, supervision and management of municipal infrastructure of Dongping County. Dongping County Taida is authorised by the Dongping Government to be the transferee under the Transfer Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Dongping County Taida and its ultimate beneficial owner are Independent Third Parties.

Dongping Administration Committee

Shandong Dongping Economic Development Zone Administration Committee* (山東東平經濟開發區管理委員會) is the government office supervised by the Dongping Government which is responsible for the development and management of Dongping Economic Development Zone. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Dongping Administration Committee and its ultimate beneficial owner are Independent Third Parties.

Dongping Government

Dongping Government is the People's Government of Dongping County, which is situated in Tai'an City, Shandong Province, the PRC.

REASONS FOR AND BENEFITS OF THE ASSETS TRANSFER

The Group is principally engaged in the design, construction, operation and maintenance of wastewater treatment plants, water distribution plant, sludge treatment plants and other municipal infrastructure in the PRC.

In order to strengthen the management and control, to coordinate the production and operation of the wastewater treatment plants, and to form an integrated management model of wastewater treatment plants and network in Dongping County, the Dongping County Government decided to acquire the Subject Assets from Dongping Kangda. To facilitate the above plan of the Dongping County Government, the Parties reached an agreement on the transfer of the Subject Assets after negotiation.

Based on the estimation of the Group's management, the financial requirement (including cost of sales, administrative expenses, finance costs, tax and others) for continuing operation of the Wastewater Treatment Plant is estimated to amount to approximately RMB14.2 million per year.

Taking into account (i) the current operating condition and future operating costs of the Wastewater Treatment Plant; (ii) the Assets Transfer is made in cooperation with the Dongping County Government, which is in the course of acquiring wastewater treatment assets, including the Subject Assets, the Board is of the view that the Assets Transfer will enable the Group to save significant amount of operating expenses and potential capital expenditure in connection with the Wastewater Treatment Plant, obtain immediate cash inflow by realising the Subject Assets and allocate management's time and resources to other concession projects.

The Board is of the opinion that the Assets Transfer will not have a material adverse effect on other core operations and financial position of the Group after Completion.

By reasons of the above, the Directors (including the independent non-executive Directors) believe that the terms of the Transfer Agreement (including the Consideration) are on normal commercial terms, fair and reasonable, and the Assets Transfer is in the interests of the Company and the Shareholders as a whole and is favorable to the Group's overall financial position despite the potential loss on the Assets Transfer.

FINANCIAL IMPACT OF THE ASSETS TRANSFER AND USE OF PROCEEDS

Subject to further audit procedures to be performed by the auditor of the Company, base on (i) the difference of approximately RMB10.0 million between the Consideration of approximately RMB127.1 million and the unaudited net book value of the Subject Assets as at 30 September 2025 of approximately RMB137.1 million; and (ii) the estimated taxes and expenses directly attributable to the Assets Transfer of approximately RMB8.1 million, the expected loss from the Assets Transfer is approximately RMB18.1 million. The actual amount of gain or loss as a result of the Assets Transfer to be recorded by the Group will be subject to review and final audit by the auditor of the Company.

The net proceeds from the Assets Transfer, after deducting the estimated taxes and expenses directly attributable to the Assets Transfer of approximately RMB8.1 million, will amount to approximately RMB119.0 million. It is intended that the net proceeds will be used for the general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Assets Transfer, is/are more than 5% but are all less than 25%, the entering into of the Transfer Agreement constitutes a discloseable transaction on the part of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms have the following meanings:

“Assets Transfer”	the proposed transfer of the Subject Assets from Dongping Kangda to Dongping County Taida pursuant to the terms and conditions of the Transfer Agreement
“Board”	board of Directors
“Buyback Agreement”	the Wastewater Treatment Plant Buyback Agreement dated 14 January 2026 and entered into among the Parties in relation to the transfer of the Subject Assets, which is substituted by the Transfer Agreement
“Chongqing Kangda”	Chongqing Kangda Environmental Protection Industry (Group) Company Limited* (重慶康達環保產業(集團)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	Kangda International Environmental Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange
“Completion”	completion of the Assets Transfer
“Concession Agreement”	the concession agreement in February 2016 and entered into between Chongqing Kangda and the Dongping Administration Committee in relation to the development, operation and maintenance of the Wastewater Treatment Plant under the concession
“Consideration”	a total sum of approximately RMB127.1 million, being the consideration for the Subject Assets

“Costs and Expenses”	has the meaning ascribed thereto under the paragraph headed “The Transfer Agreement — Consideration” in this announcement
“Director(s)”	the director(s) of the Company
“Dongping Administration Committee”	the Shandong Dongping Economic Development Zone Administration Committee* (山東東平經濟開發區管理委員會), a government office supervised by the Dongping Government which is responsible for the development and management of Dongping Economic Development Zone
“Dongping County Taida”	Dongping County Taida Wastewater Treatment Plant* (東平縣泰達污水處理廠), as ultimately and beneficially owned by Dongping County Utilities Development Centre (東平縣公用事業發展中心) and authorised by the Dongping Government to be the transferee under the Transfer Agreement
“Dongping Government”	the People’s Government of Dongping County, which is situated in Tai’an City, Shandong Province, the PRC
“Dongping Kangda”	Dongping Kangda Water Company Limited* (東平康達水務有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Escrow Account”	has the meaning ascribed thereto under the paragraph headed “The Transfer Agreement — Consideration” in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and its ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected person(s) (as defined under the Listing Rules) of the Company and is/are third party(ies) independent of the Company and its connected person(s) in accordance with the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“LPR”	has the meaning ascribed thereto under the paragraph headed “The Transfer Agreement — Consideration” in this announcement

“Outstanding Debts”	has the meaning ascribed thereto under the paragraph headed “The Transfer Agreement — Consideration” in this announcement
“Parties”	collectively, Dongping Kangda, Dongping County Taida and the Dongping Administration Committee
“PRC”	the People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Releases”	has the meaning ascribed thereto under the paragraph headed “The Transfer Agreement — Consideration” in this announcement
“Shareholders”	holders of the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Assets”	has the meaning ascribed thereto under the paragraph headed “The Transfer Agreement — Assets to be transferred” in this announcement
“Supplementary Concession Agreement”	the supplementary concession agreement in October 2020 and entered into between Dongping Kangda and the Dongping Administration Committee
“Transfer Agreement”	the Wastewater Treatment Plant Concession Transfer Agreement dated 24 February 2026 and entered into among the Parties in relation to the Assets Transfer
“Transfer Date”	has the meaning ascribed thereto under the paragraph headed “The Transfer Agreement — Assets Transfer Procedure and Transitional Period” in this announcement
“Transitional Period”	has the meaning ascribed thereto under the paragraph headed “The Transfer Agreement — Assets Transfer Procedure and Transitional Period” in this announcement
“Wastewater Treatment Plant”	Dongping County Second Wastewater Treatment Plant (東平縣第二污水處理廠) situated at Dongping County of Tai’an City, Shandong Province, the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent.

* *For identification purpose only*

By order of the Board
Kangda International Environmental Company Limited
LI Zhong
Executive Director

Hong Kong, 24 February 2026

As at the date of this announcement, the Board comprises eight directors, namely Mr. DU Lindong, Mr. LI Zhong, Ms. LIU Yujie and Mr. DUAN, Jerry Linnan as executive directors; Mr. ZHAO Juanxian (alias, ZHAO Junxian) as non-executive director; and Mr. CHAU Kam Wing Donald, Mr. CHANG Qing and Mr. PENG Yongzhen as independent non-executive directors.